
Investments – November 2022

Responsible Officer: Group Manager Corporate and Commercial (Geoff Ward)

Recommendation

That Council receive and note the Investments for November 2022.

Background

Clause 212 of the *Local Government (General) Regulation 2021* and Council's 'Investments' policy require that a report detailing Council's investments be provided. This report has been prepared as at 30 November 2022.

Finance

The RBA cash rate is 2.85%

At the RBA's 1st November 2022 meeting, it was decided to increase the cash rate by 25 basis points to 2.85%. Over the year to September, the CPI inflation rate was 7.3 per cent, the highest it has been in more than three decades. Global factors explain much of this high inflation, but strong domestic demand relative to the ability of the economy to meet that demand is also playing a role. A further increase in inflation is expected over the months ahead, with inflation now forecast to peak at around 8 per cent later this year. Inflation is then expected to decline next year due to the ongoing resolution of global supply-side problems, recent declines in some commodity prices and slower growth in demand.

The 90-day average bank bill swap rate (BBSW) is 3.05%.

Total funds invested as at 30 November 2022 is \$41,287,128

This includes term investments and cheque account balance.

Weighted Average Return for November 2022 is 2.74%

This represents an increase of 75 basis point compared to the September 2022 result (1.99%) and is 35 basis points below Council's benchmark (the average 90-day BBSW rate of 3.05%) (Refer: Graph D2 -Attachment D).

Interest earned for November 2022 is \$73,971

Interest earned compared to the original budget is \$257,287 above the pro-rata budget. In the September QBRS the interest budget was reviewed and increased by \$537,200 in line with current interest rate increases. (Refer: Attachment A).

Cheque account balance as at 30 November 2022 is \$166,116

Ethical holdings as at 30 November 2022 is \$10,447,404 (20.67% of current holdings)

The assessment of Ethical Financial Institutions is undertaken using www.marketforces.org.au which is an affiliate project of the Friends of the Earth Australia (Refer: Graph D4 - Attachment D).

Legal

Investments are to be made in accordance with section 625 of the *Local Government Act 1993* ('Act') and Council's 'Investments' policy and reported to Council in accordance with clause 212 of the *Local Government (General) Regulation 2021* ('Regulation').

Conclusion

A report on investments is required to be submitted to Council. As at 30 November 2022, investments total \$41,121,012 and the average rate of return is estimated at 2.74%.

Council's investments are compliant with the requirements of the Act, the Regulation, and Council's Investment Policy and loan covenant requirements. The September breach, reported to Council in October 2022, has now been corrected.

Attachments

- A. Investment analysis
- B. Investment by type
- C. Investment by Institution
- D. Total funds invested - comparisons
- E. Summary of indebtedness

Funds Invested With	S & P Local Long Term Rating	Product Name	Ethical ADIs	Lodgement Date	Maturity Date	% of Portfolio	31 Nov 22 Balance	Rate of Return	Monthly Interest	Year-to-Date Interest
CBA Business Online Saver	AA-	CBA-BOS	No	At call		12.45	5,121,012.17	1.95		24,002.13
Summerland Credit Union	UNRATED	TD	Yes	9/11/2021	6/12/2022	1.22	500,000.00	0.65	267.12	1,362.33
Westpac Banking Corporation	AA-	TD	No	7/12/2021	6/12/2022	2.43	1,000,000.00	0.58	476.71	2,431.23
ING Bank Aust Ltd	A	TD	No	7/12/2021	13/12/2022	2.43	1,000,000.00	0.60	493.15	2,515.07
Westpac Banking Corporation	AA-	TD	No	4/1/2022	4/1/2023	1.22	500,000.00	0.68	279.45	1,425.21
National Australia Bank Limited	AA-	TD	No	11/1/2022	10/1/2023	2.43	1,000,000.00	0.65	534.25	2,724.66
Commonwealth Bank of Australia	AA-	TD	Yes	18/1/2022	18/1/2023	2.43	1,000,000.00	0.50	410.96	2,095.89
Westpac Banking Corporation	AA-	TD	No	16/2/2022	16/2/2023	2.43	1,000,000.00	0.95	780.82	3,982.19
Westpac Banking Corporation	AA-	TD	Yes	22/2/2022	22/2/2023	2.43	1,000,000.00	0.88	723.29	3,688.77
Westpac Banking Corporation	AA-	TD	Yes	23/2/2022	7/3/2023	2.43	1,000,000.00	0.94	772.60	3,940.27
Westpac Banking Corporation	AA-	TD	Yes	23/2/2022	14/3/2023	2.43	1,000,000.00	0.94	772.60	3,940.27
Westpac Banking Corporation	AA-	TD	No	23/2/2022	28/3/2023	1.22	500,000.00	0.94	386.30	1,970.14
ING Bank Aust Ltd	A	TD	No	1/3/2022	28/2/2023	2.43	1,000,000.00	0.80	657.53	3,353.42
Westpac Banking Corporation	AA-	TD	No	8/3/2022	8/3/2023	2.43	1,000,000.00	1.00	821.92	4,191.78
ING Bank Aust Ltd	A	TD	No	5/4/2022	4/4/2023	2.43	1,000,000.00	1.68	1,380.82	7,042.19
Bank of Queensland	BBB+	TD	Yes	19/4/2022	19/4/2023	2.43	1,000,000.00	1.90	1,561.64	7,964.38
MyState Bank Limited	BBB+	TD	Yes	29/4/2022	2/5/2023	2.43	1,000,000.00	2.60	2,136.99	10,898.63
Commonwealth Bank of Australia	AA-	TD	No	29/4/2022	2/5/2023	2.43	1,000,000.00	2.72	2,235.62	11,401.64
Commonwealth Bank of Australia	AA-	TD	No	3/5/2022	2/5/2023	2.43	1,000,000.00	2.74	2,252.05	11,485.48
Commonwealth Bank of Australia	AA-	TD	No	10/5/2022	10/5/2023	2.43	1,000,000.00	3.01	2,473.97	12,617.26
Bank Of Queensland	BBB+	TD	Yes	31/5/2022	6/6/2023	2.43	1,000,000.00	3.20	2,630.14	13,413.70
Commonwealth Bank of Australia	AA-	TD	No	14/6/2022	13/6/2023	2.43	1,000,000.00	3.89	3,197.26	16,306.03
Commonwealth Bank of Australia	AA-	TD	No	28/6/2022	28/6/2023	2.43	1,000,000.00	3.95	3,246.58	16,557.53

ING Bank Aust Ltd	A	TD	No	29/6/2022	4/7/2023	3.65	1,500,000.00	4.00	4,931.51	25,150.68	
ING Bank Aust Ltd	A	TD	No	30/6/2022	30/6/2023	3.65	1,500,000.00	4.05	4,993.15	25,465.07	
Bank of Queensland	BBB+	TD	Yes	2/8/2022	1/8/2023	1.22	500,000.00	3.85	1,582.19	6,381.51	
Westpac Banking Corporation	AA-	TD	No	23/8/2022	23/8/2023	4.86	2,000,000.00	4.13	6,789.04	22,630.14	
AMP Bank	BBB	TD	No	13/9/2022	13/9/2023	1.22	500,000.00	4.30	1,767.12	4,653.42	
AMP Bank	BBB	TD	No	20/9/2022	19/9/2023	2.43	1,000,000.00	4.50	3,698.63	8,876.71	
MyState Bank Limited	BBB+	TD	Yes	27/9/2022	26/9/2023	1.22	500,000.00	4.62	1,898.63	4,113.70	
Westpac Banking Corporation	AA-	TD	No	11/10/2022	10/10/2023	2.43	1,000,000.00	4.30	3,534.25	6,008.22	
National Australia Bank Limited	AA-	TD	No	18/10/2022	18/4/2023	1.22	500,000.00	3.82	1,569.86	2,302.47	
Commonwealth Bank of Australia	AA-	TD	No	18/10/2022	17/10/2023	2.43	1,000,000.00	4.42	3,632.88	5,328.22	
Westpac Banking Corporation	AA-	TD	N/A	25/10/2022	24/10/2023	1.22	500,000.00	4.57	1,878.08	2,316.30	
Westpac Banking Corporation	AA-	TD	N/A	3/11/2022	9/5/2023	2.43	1,000,000.00	4.04	3,099.18	3,099.18	
National Australia Bank Limited	AA-	TD	No	10/11/2022	14/11/2023	1.22	500,000.00	4.42	1,271.51	1,271.51	
National Australia Bank Limited	AA-	TD	No	15/11/2022	16/5/2023	1.22	500,000.00	4.02	881.10	881.10	
National Australia Bank Limited	AA-	TD	No	22/11/2022	23/5/2023	1.22	500,000.00	4.07	501.78	501.78	
Commonwealth Bank of Australia	AA-	TD	No	22/11/2022	21/11/2023	2.43	1,000,000.00	4.52	1,114.52	1,114.52	
Westpac Banking Corporation	AA-	TD	No	29/11/2022	28/11/2023	3.65	1,500,000.00	4.39	360.82	360.82	
MATURED TDs									1,975.34	25,063.56	
							100.00	41,121,012.17	2.74	73,971.37	314,829.12

Total Investment Holdings

100.00 41,121,012.17

73,971.37 314,829.12

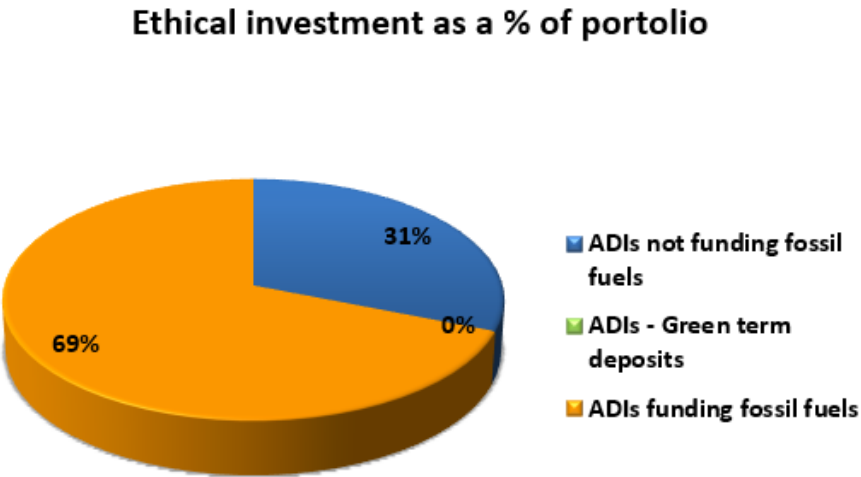
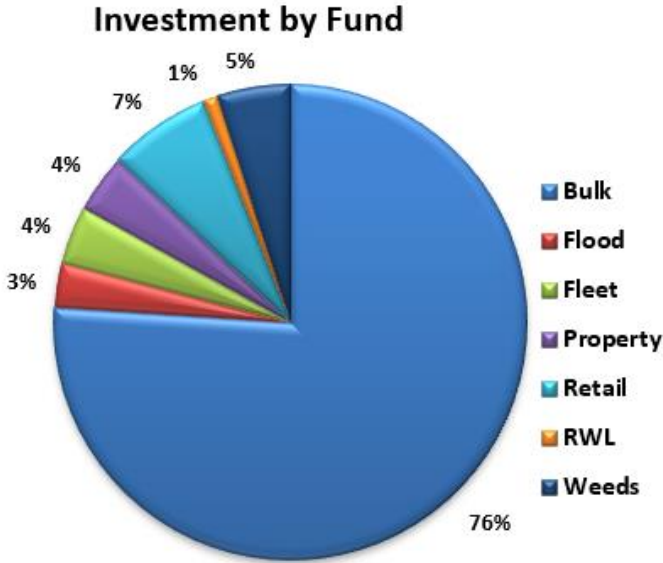
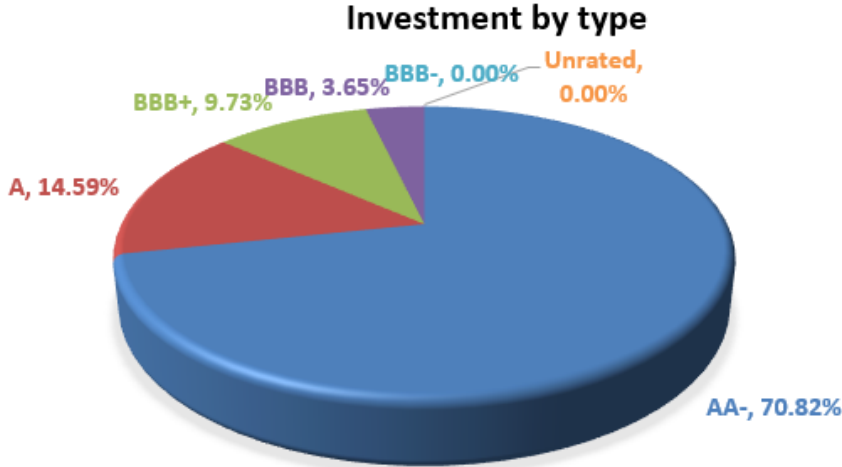
Total YTD Interest **314,829.12**

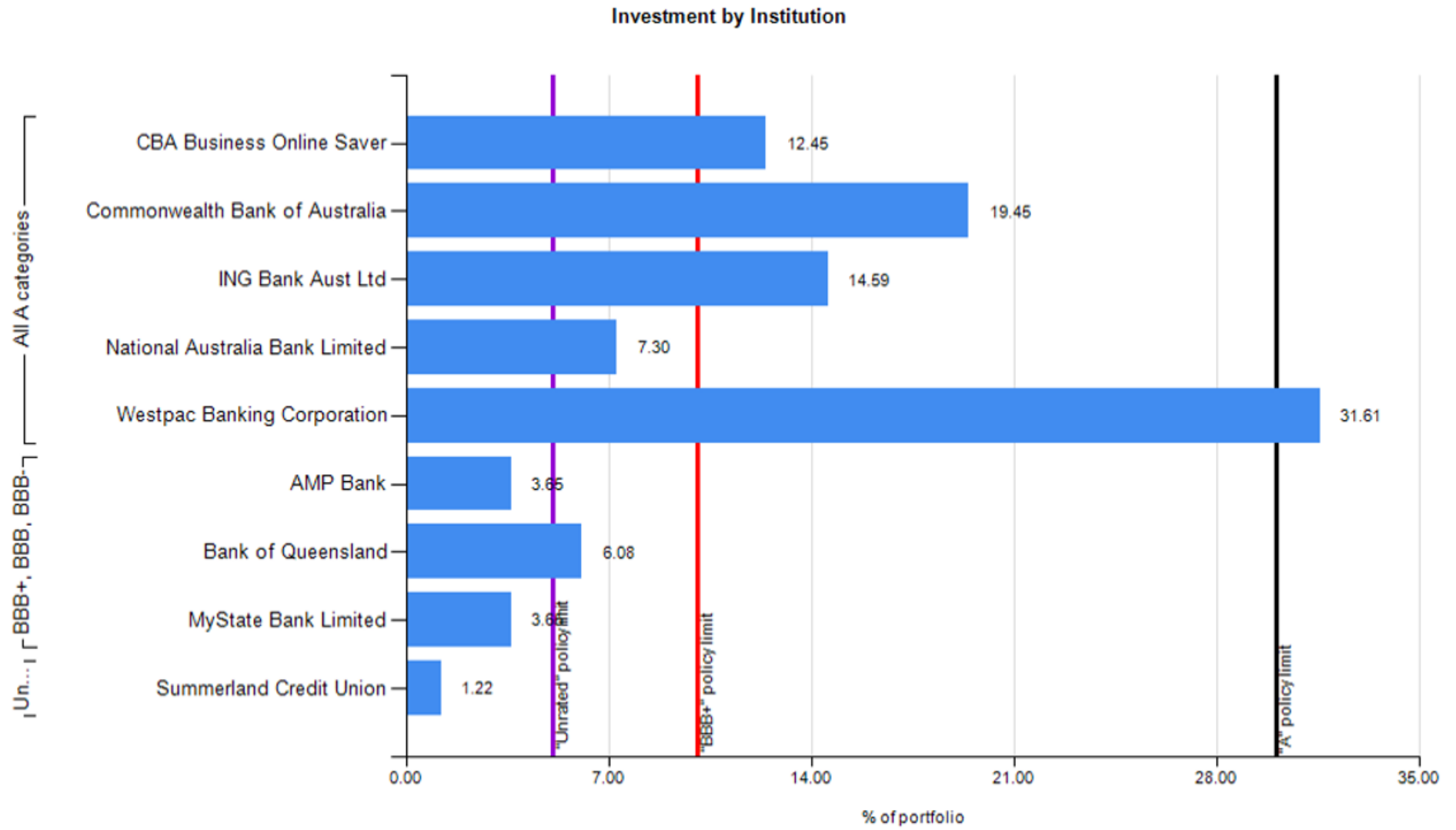
Deposits with Australian Deposit-taking institutions (ADI) are Government.

Budget Interest @ 30 November 2022 **57,542.00**

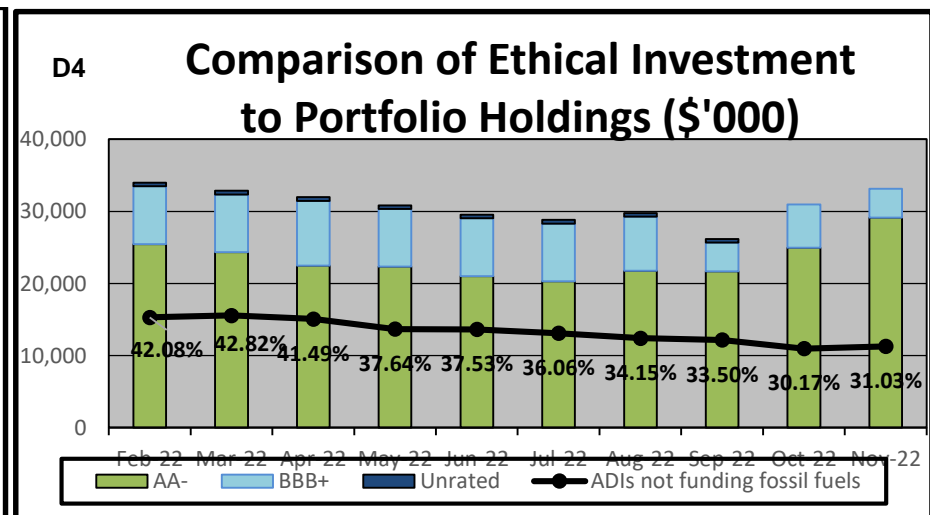
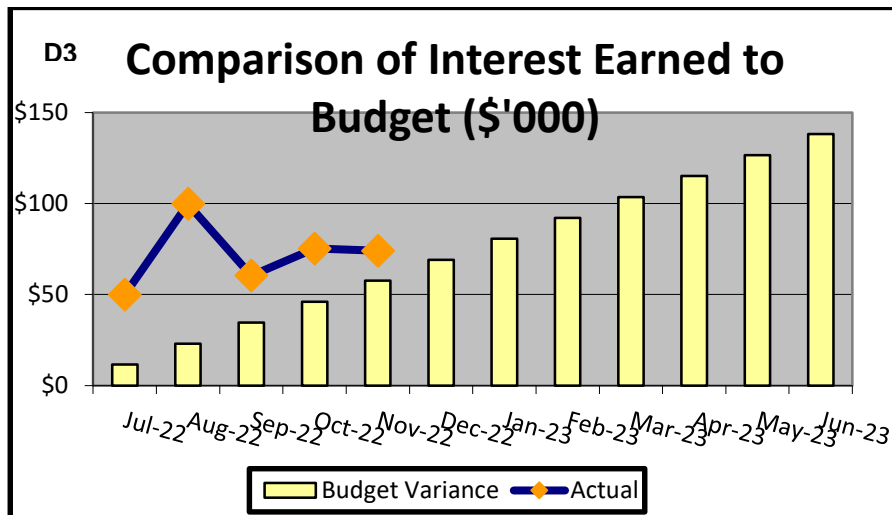
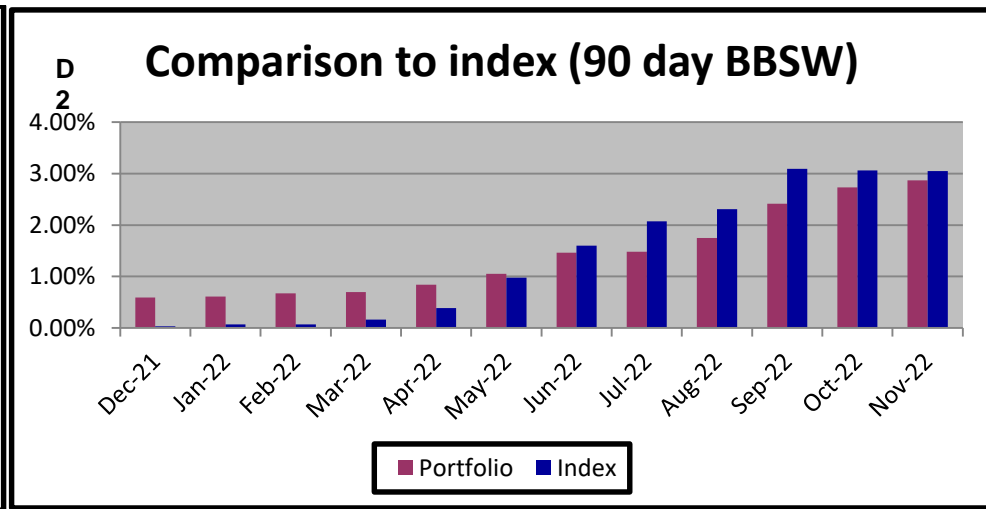
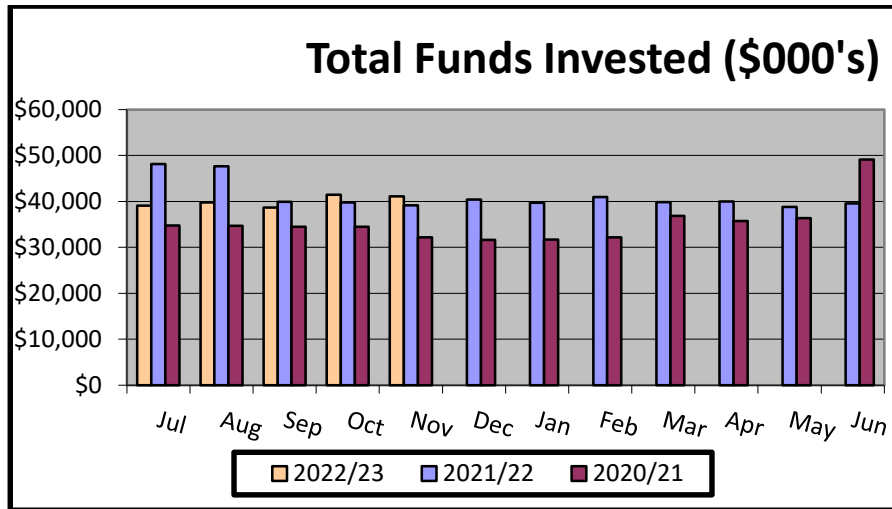
Guaranteed for balances totalling up to \$250,000 per customer, per institution.

Budget variance **257,287.12**





Note: Institutions shown with "*" and in red are in breach of council policy.



Summary of indebtedness as at 30 November 2022

Information	Loan #1	Loan #2	Loan #3	Loan #4	Loan #5	Loan #6	Loan #7	Total
Institution	CBA	CBA	CBA	Dexia	NAB	NAB	Tcorp	
Principal Borrowed	\$ 2,000,000	\$ 3,000,000	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000	\$ 13,500,000	\$ 58,500,000
Date Obtained	9-Jun-04	31-May-05	31-May-06	21-Feb-07	31-May-07	25-Sep-07	7-Jun-21	
Term (Years)	20	20	20	20	20	20	20	
Interest Rate	6.82%	6.25%	6.37%	6.40%	6.74%	6.85%	2.68%	
Date Due	10-Jun-24	31-May-25	31-May-26	21-Feb-27	31-May-27	25-Sep-27	7-Jun-41	
Annual Commitment	\$ 184,785	\$ 264,921	\$ 891,595	\$ 893,507	\$ 917,390	\$ 925,933	\$ 876,390	\$ 4,954,520
Principal Repaid LTD	\$ 1,659,984	\$ 2,395,519	\$ 7,241,630	\$ 6,555,091	\$ 6,474,331	\$ 6,126,457	\$ 518,038	\$ 30,971,049
Interest Incurred LTD	\$ 1,666,148	\$ 2,240,593	\$ 7,469,690	\$ 7,296,608	\$ 7,745,208	\$ 7,762,533	\$ 358,352	\$ 34,539,132
Principal Outstanding	\$ 340,016	\$ 604,481	\$ 2,758,370	\$ 3,444,909	\$ 3,525,669	\$ 3,873,544	\$ 12,981,962	\$ 27,528,952
Interest Outstanding	\$ 29,554	\$ 57,821	\$ 362,213	\$ 576,552	\$ 623,282	\$ 768,009	\$ 3,669,452	\$ 6,086,882